

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

MODIFICATION OF FY2022 HOSPITAL BUDGET DECISION AND ORDER

In re: Springfield Hospital)	Docket No. 21-014-H
Fiscal Year 2022)	
<hr/>		

INTRODUCTION AND LEGAL FRAMEWORK

Springfield Hospital (Springfield) initially submitted its budget on July 7, 2021, requesting a 7.8% increase in NPR/FPP, which remains a 7.8% increase in NPR/FPP after excluding revenue from COVID-19 clinics and testing, and an 8.3% overall change in charge. On September 8, 2021, following Springfield's budget hearing, Springfield submitted a revised budget with a requested 5.9% NPR/FPP increase and an 8.3% overall average charge increase. On September 13, following GMCB staff presentations, and deliberations, the Board approved Springfield's FY22 budget with a 0% increase or the same NPR/FPP as its approved FY21 budget and an overall change in charge of 8.3%. The GMCB issued a written budget order on October 1, 2021 (Original Budget Order) reflecting its decision.

The Original Budget Order also included a condition that Springfield must submit and present a revised FY22 budget to the GMCB not later than November 15, 2021. Springfield's revised budget was required to include a justification for the NPR/FPP in its revised FY22 budget and a strategic vision for the hospital. On November 3, 2021, Springfield submitted an updated budget (Revised Budget), and on November 8, 2021, Springfield's leadership presented the Revised Budget to the GMCB.

The GMCB may, upon application of a hospital, adjust a budget established by the GMCB. *See* 18 V.S.A. § 9456(f); GMCB FY 2022 Hospital Budget Guidance and Reporting Requirements, Appendix D. The GMCB reviewed and approved Springfield's Revised Budget following a presentation from the hospital, presentation from GMCB staff, and deliberation of the Board on November 8, 2021.

Based on the above, the Board issues the following Findings, Conclusions, and Modification to Original Budget Order:

FINDINGS

1. On October 1, 2021, the Board issued its Original Budget Order for Springfield, approving a FY22 NPR/FPP budget at a growth rate of 0% over its FY21 budget, with a total NPR/FPP of \$50,600,310 for FY22, and an overall average charge increase of not more than 8.3% over current approved levels. *See* Original Budget Order, Conditions A and B. The Board also required Springfield's leadership, including a representative from Springfield's board of directors, must submit and present a revised FY22 budget to the GMCB at a date to be negotiated between the hospital and the GMCB Chair, but not later

than November 15, 2021. *See* Original Budget Order, Condition C. Springfield's revised budget presentation was required to include a justification for the NPR/FPP in its revised FY22 budget and a strategic vision for the hospital. *Id.*

2. Springfield's leadership presented the hospital's Revised Budget to the Board on November 8, 2021. *See* Springfield FY22 Budget Presentation (November 8, 2021) (Springfield Presentation), 1. Springfield's Revised Budget included a budgeted FY22 NPR/FPP of \$54,689,000. *See* Springfield Presentation, 12. The increase from Springfield's estimated FY21 NPR/FPP is expected from increased volumes (approximately \$1.3 million from psychiatric beds and \$1.9 million from other areas), a potential Medicare reimbursement increase of approximately \$2.7 million, and the approved commercial rate increase of approximately \$2 million. *See id.*
3. Springfield had closed its psychiatric unit to general admissions during the earlier part of the COVID-19 pandemic, holding those beds instead for psychiatric COVID-19 patients in exchange for a grant from the State. *See* Testimony of Robert Adcock, Hearing Transcript, 18:19-19:5. The grant wasn't included in Springfield's estimated FY21 NPR because the hospital categorized it as other revenue. *See id.* Springfield projected 2,973 psychiatric days in FY22, compared to 1,545 in FY21 and 1,664 in FY20, based in part on the existence of the high volume of patients staying in the state's emergency rooms waiting for a psychiatric bed. *See* Springfield Presentation, 11; Testimony of Robert Adcock, Hearing Transcript, 29:12-29:18.
4. Overall, Springfield's volume increased during FY21, and the hospital anticipates that increased volume to be sustained in FY22. *See* Testimony of Robert Adcock, Hearing Transcript, 32:5-32:11. The hospital's monthly volumes started to increase around March of 2021. *See* Springfield Presentation, 10.
5. Springfield's leadership articulated a strategic plan with an immediate goal to stabilize operations, maintain and grow appropriate volumes, and strengthen their organizational culture to position them for new opportunities; a near-term goal moving into FY22 to pursue opportunities to advance Springfield's mission and position the organization to meet future demands; and a long-term goal around FY24 will be achieving a sustainable operating model, serving the community, contributing to the local economy, closely aligning with state and regional partners. *See* Springfield Presentation, 7; Testimony of Robert Adcock, Hearing Transcript, 25:25-31:2. Springfield's planned initiatives are concentrated on a few areas: meeting its community and outpatient need, keeping appropriate care local in the Springfield community, strengthening the hospital's culture of caring, and pursuing strategic relationships. *See id.*

CONCLUSIONS

The Board's Original Budget Order approved Springfield's FY22 budget with no NPR/FPP increase from its FY21 budget, in part, because the Board was concerned that Springfield had not explained how the hospital would reasonably achieve its budgeted NPR/FPP for FY22. *See* Findings, ¶1. Springfield's Revised Budget supports its NPR/FPP increase for

FY22 based on increased volumes, including through the psychiatric unit, the increased commercial rate, and a Medicare reimbursement increase the hospital is pursuing. *See Findings, ¶¶2, 3, 4.* Additionally, Springfield's leadership presented a much clearer strategic plan for the hospital. *See Findings, ¶5.* Based on Springfield's presentation to the Board, we approve Springfield's Revised Budget as submitted, with a 8.1% NPR/FPP increase from its approved FY21 budget, and modify the Original Budget Order to reflect the NPR/FPP in Springfield's Revised Budget. Much hard work remains ahead for Springfield and its leadership team. The Board remains fully supportive of Springfield's success and will continue to monitor progress at the hospital through meetings and reporting requirements set out in the Original Budget Order.

MODIFICATION TO ORIGINAL BUDGET ORDER

Based on our findings and conclusions and the authority granted by Chapter 221, Subchapter 7 of Title 18, Springfield's previously approved budget for FY22 is modified as follows:

- A. Springfield's previously approved FY22 NPR/FPP budget is modified, and Springfield's FY22 NPR/FPP is now approved at a growth rate of 8.1% over its FY21 budget, with a total NPR/FPP of \$54,689,000 for FY22.
- B. The terms and conditions of the Original Budget Order remain in effect as stated in the Original Budget Order, except for condition A, which is modified as set out in this order, and condition C, which Springfield satisfied by presenting its Revised Budget.
- C. After notice and an opportunity to be heard, the GMCB may amend the provisions contained herein, and issue an amended order, consistent with its authority as set forth in 18 V.S.A. Chapter 220, Subchapter 1, 18 V.S.A. Chapter 221, Subchapter 7, and GMCB Rule 3.000.
- D. The findings and orders contained in this decision do not constrain the Board's decisions in future hospital budget reviews, future certificate of need reviews, or any other future regulatory or policy decisions.

So ordered.

Dated: November 30, 2021
Montpelier, Vermont

s/ <u>Kevin Mullin, Chair</u>)	
)	
s/ <u>Jessica Holmes</u>)	GREEN MOUNTAIN
)	CARE BOARD
s/ <u>Robin Lunge</u>)	OF VERMONT
)	
s/ <u>Tom Pelham</u>)	

Filed: November 30, 2021

Attest: s/ Jean Stetter

Green Mountain Care Board
Administrative Services Director

NOTICE TO READERS: This document is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (Email address: Lori.Perry@vermont.gov).